

RALCORP HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(Dollars in millions except per share data, shares in thousands)

	Year Ended September 30,		
	2010	2009	2008
Net Sales	\$ 4,048.5	\$ 3,891.9	\$ 2,824.4
Cost of goods sold	(2,971.6)	(2,834.1)	(2,318.1)
Gross Profit	1,076.9	1,057.8	506.3
Selling, general and administrative expenses	(528.1)	(564.8)	(297.8)
Amortization of intangible assets	(49.3)	(41.8)	(29.2)
Impairment of intangible assets	(39.9)	—	—
Other operating expenses, net	(37.7)	(2.9)	(3.1)
Operating Profit	421.9	448.3	176.2
Interest expense, net	(107.8)	(99.0)	(54.6)
Gain on forward sale contracts	—	17.6	111.8
Gain on sale of securities	—	70.6	7.1
Earnings before Income Taxes and Equity Earnings	314.1	437.5	240.5
Income taxes	(105.3)	(156.9)	(86.7)
Earnings before Equity Earnings	208.8	280.6	153.8
Equity in earnings of Vail Resorts, Inc., net of related deferred income taxes	—	9.8	14.0
Net Earnings	<u>\$ 208.8</u>	<u>\$ 290.4</u>	<u>\$ 167.8</u>
Basic Earnings per Share	<u>\$ 3.79</u>	<u>\$ 5.16</u>	<u>\$ 5.51</u>
Diluted Earnings per Share	<u>\$ 3.74</u>	<u>\$ 5.09</u>	<u>\$ 5.38</u>
Weighted Average Shares for Basic Earnings per Share	54,933	56,166	30,321
Dilutive effect of:			
Stock options	308	437	560
Restricted stock awards	192	207	98
Stock appreciation rights	189	151	89
Weighted Average Shares for Diluted Earnings per Share	<u>55,622</u>	<u>56,961</u>	<u>31,068</u>

See accompanying Notes to Consolidated Financial Statements.

RALCORP HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions except share and per share data)

	September 30,	
	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 29.3	\$ 282.8
Marketable securities	10.0	12.0
Investment in Ralcorp Receivables Corporation	137.8	134.4
Receivables, net	233.4	135.9
Inventories	425.1	365.9
Deferred income taxes	10.6	10.6
Prepaid expenses and other current assets	30.8	12.6
Total Current Assets	877.0	954.2
Property, Net	1,219.0	911.9
Goodwill	2,945.7	2,386.6
Other Intangible Assets, Net	1,727.0	1,173.4
Other Assets	36.2	26.1
Total Assets	<u>\$ 6,804.9</u>	<u>\$ 5,452.2</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts and notes payable	\$ 279.5	\$ 240.4
Due to Kraft Foods Inc.	—	13.6
Other current liabilities	347.6	225.0
Total Current Liabilities	627.1	479.0
Long-term Debt	2,464.9	1,611.4
Deferred Income Taxes	685.1	464.6
Other Liabilities	198.6	191.6
Total Liabilities	3,975.7	2,746.6
Commitments and Contingencies		
Shareholders' Equity		
Common stock, par value \$.01 per share		
Authorized: 300,000,000 shares		
Issued: 63,476,635 shares	.6	.6
Additional paid-in capital	1,945.2	1,931.4
Common stock in treasury, at cost (8,547,923 and 6,840,231 shares, respectively)	(348.8)	(244.8)
Retained earnings	1,268.1	1,059.3
Accumulated other comprehensive loss	(35.9)	(40.9)
Total Shareholders' Equity	2,829.2	2,705.6
Total Liabilities and Shareholders' Equity	<u>\$ 6,804.9</u>	<u>\$ 5,452.2</u>

See accompanying Notes to Consolidated Financial Statements.

RALCORP HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended September 30,		
	2010	2009	2008
Cash Flows from Operating Activities			
Net earnings	\$ 208.8	\$ 290.4	\$ 167.8
Adjustments to reconcile net earnings to net cash flow provided by operating activities:			
Depreciation and amortization	166.8	144.7	99.5
Impairment of intangible assets	39.9	—	—
Stock-based compensation expense	17.9	13.4	11.5
Gain on forward sale contracts	—	(17.6)	(111.8)
Gain on sale of securities	—	(70.6)	(7.1)
Equity in earnings of Vail Resorts, Inc.	—	(15.4)	(21.7)
Deferred income taxes	(2.6)	(40.3)	13.1
Sale of receivables, net	—	(50.0)	4.2
Contributions to qualified pension plan	(30.0)	(5.0)	—
Other changes in current assets and liabilities, net of effects of business acquisitions:			
(Increase) decrease in receivables	(47.7)	9.2	(86.4)
Change in due to/from Kraft Foods Inc.	(13.6)	62.6	(49.0)
Increase in inventories	(2.8)	(9.8)	(6.6)
Increase in prepaid expenses and other current assets	(1.1)	(2.2)	(1.1)
(Decrease) increase in accounts payable and other current liabilities	(38.4)	(19.6)	121.2
Other, net	4.7	36.9	(.8)
Net Cash Provided by Operating Activities	301.9	326.7	132.8
Cash Flows from Investing Activities			
Business acquisitions, net of cash acquired	(1,312.0)	(55.0)	(20.3)
Additions to property and intangible assets	(128.9)	(115.0)	(62.5)
Proceeds from sale of property	.5	.1	.2
Purchases of securities	(22.8)	(16.2)	(38.8)
Proceeds from sale or maturity of securities	24.8	95.9	50.4
Net Cash Used by Investing Activities	(1,438.4)	(90.2)	(71.0)
Cash Flows from Financing Activities			
Proceeds from issuance of long-term debt	653.2	400.0	—
Repayments of long-term debt	(95.3)	(389.7)	(39.7)
Net borrowings (repayments) under credit arrangements	423.4	(22.1)	(20.0)
Purchases of treasury stock	(115.5)	—	(5.6)
Proceeds and tax benefits from exercise of stock awards	9.4	15.2	3.9
Changes in book cash overdrafts	6.5	27.8	4.5
Other, net	(.2)	(1.3)	.1
Net Cash Provided (Used) by Financing Activities	881.5	29.9	(56.8)
Effect of Exchange Rate Changes on Cash	1.5	2.3	(.8)
Net (Decrease) Increase in Cash and Cash Equivalents	(253.5)	268.7	4.2
Cash and Cash Equivalents, Beginning of Year	282.8	14.1	9.9
Cash and Cash Equivalents, End of Year	<u>\$ 29.3</u>	<u>\$ 282.8</u>	<u>\$ 14.1</u>

See accompanying Notes to Consolidated Financial Statements.

RALCORP HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in millions except per share data, shares in thousands)

	Common Stock	Additional Paid-In Capital	Common Stock in Treasury	Retained Earnings	Accum. Other Comprehensive Income (Loss)	Total
Balance, September 30, 2007	\$.3	\$ 121.6	\$ (256.9)	\$ 601.1	\$ 17.3	\$ 483.4
Net earnings				167.8		167.8
Benefit plan adjustment, net of \$.9 tax expense					1.3	1.3
Cash flow hedging adjustments, net of \$18.4 tax benefit					(31.5)	(31.5)
Foreign currency translation adjustment					(7.4)	(7.4)
Comprehensive income						130.2
Common stock issued (30,466 shares)	.3	1,788.1				1,788.4
Stock purchased (100 shares)			(5.6)			(5.6)
Activity under stock and deferred compensation plans (146 shares)		(1.5)	5.2			3.7
Stock-based compensation expense		11.4				11.4
Balance, September 30, 2008	\$.6	\$ 1,919.6	\$ (257.3)	\$ 768.9	\$ (20.3)	\$ 2,411.5
Net earnings				290.4		290.4
Benefit plan adjustment, net of \$14.5 tax benefit					(20.7)	(20.7)
Cash flow hedging adjustments, net of \$.3 tax expense					3.2	3.2
Foreign currency translation adjustment					(3.1)	(3.1)
Comprehensive income						269.8
Activity under stock and deferred compensation plans (452 shares)		(.4)	12.5			(1.0)
Stock-based compensation expense		12.2				12.2
Balance, September 30, 2009	\$.6	\$ 1,931.4	\$ (244.8)	\$ 1,059.3	\$ (40.9)	\$ 2,705.6
Net earnings				208.8		208.8
Benefit plan adjustment, net of \$7.4 tax benefit					(12.0)	(12.0)
Cash flow hedging adjustments, net of \$4.2 tax expense					4.6	4.6
Foreign currency translation adjustment					12.4	12.4
Comprehensive income						213.8
Stock purchased (2,000 shares)			(115.5)			(115.5)
Activity under stock and deferred compensation plans (291 shares)		(4.7)	11.5			6.8
Stock-based compensation expense		18.5				18.5
Balance, September 30, 2010	<u>\$.6</u>	<u>\$ 1,945.2</u>	<u>\$ (348.8)</u>	<u>\$ 1,268.1</u>	<u>\$ (35.9)</u>	<u>\$ 2,829.2</u>

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